

costs to the interstate jurisdiction (e.g., by the EUCL, in the case of unbundled link or loop service). Alternatively, one could also propose that, if unbundled BNF rates are set at their total company TSLRICs, the implicit contribution should be included in the price floors for bundled basic services as per the current imputation rule.

72. DRA's proposal implements the latter approach as earlier elaborated in Section VII. DRA recommends setting the price floors for basic services at their total company TSLRICs (which have built into them the interstate cost, represented by the EUCL and CCLC), while setting rates for unbundled BNF services at their TSLRICs with no offset for interstate costs. Setting unbundled BNF rates at their TSLRICs implicitly allows the LECs to recover from purchasers of these unbundled BNF services (most likely other CLCs) portions of interstate costs included in the TSLRIC-based rates. The CLCs, in turn, should have the option to recover these costs from the rates they charge their respective retail services' customers.

###

**ATTACHMENTS  
TO  
CHAPTER 3**

**Pacific - Shared Family Buckets by Cost Categories**

Source: OANAD Cost Binder "Misc", Tab 5

**Comparison of GTEC's Basic Service Costs**  
**Source: CPM outputs (March 26, 1996), and OANAD-G**

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CPM - Statewide  
Source: CBG Summary File

Dollar (a)		Average Increment		Number of Lines (d)
		Number of CBGs (b)	Per CBG (c)	
1	\$16.00 - \$16.99	34	\$0.029	23,603
2	\$17.00	304	0.003	205,563
3	\$18.00	821	0.001	527,655
4	\$18.00	1,160	0.001	727,538
5	\$20.00	1,545	0.001	965,893
6	\$21.00	1,101	0.001	620,653
7	\$22.00	1,322	0.001	780,882
8	\$23.00	953	0.001	562,392
9	\$24.00	924	0.001	590,864
10	\$25.00	744	0.001	506,046
11	\$26.00	987	0.001	623,497
12	\$27.00	1,023	0.001	672,022
13	\$28.00	1,193	0.001	832,001
14	\$29.00	935	0.001	701,395
15	\$30.00	612	0.002	439,604
16	\$31.00	460	0.002	354,085
17	\$32.00	405	0.002	269,100
18	\$33.00	207	0.005	256,124
19	\$34.00	131	0.008	105,102
20	\$35.00	146	0.007	101,992
21	\$36.00	112	0.009	72,755
22	\$37.00	118	0.008	75,100
23	\$38.00	73	0.014	47,298
24	\$39.00	63	0.016	31,332
25	\$40.00	66	0.015	30,176
26	\$41.00	59	0.017	29,817
27	\$42.00	61	0.016	25,354
28	\$43.00	51	0.020	22,464
29	\$44.00	58	0.017	30,437
30	\$45.00	42	0.024	19,479
31	\$46.00	47	0.021	19,736
32	\$47.00	32	0.031	22,076
33	\$48.00	37	0.027	16,592
34	\$49.00	39	0.026	16,217
35	\$50.00	31	0.032	14,417
36	\$51.00	27	0.037	12,156
36	\$52.00	27	0.037	18,044
38	\$53.00	37	0.027	14,352
39	\$54.00	20	0.050	6,879
40	\$55.00	20	0.050	8,932
41	\$56.00	17	0.059	7,523
42	\$57.00	16	0.063	4,607
43	\$58.00	12	0.083	6,296
44	\$59.00	20	0.050	5,123
45	\$60.00 - \$69.99	9	0.111	2,910
Total		16,101	\$0.003	10,426,083

CPM - Statewide  
Cost Per Density Zone

	<u>Statewide</u> <u>(a)</u>	<u>Zone-1</u> <u>(b)</u>	<u>Zone-2</u> <u>(c)</u>	<u>Zone-3</u> <u>(d)</u>	<u>Zone-4</u> <u>(e)</u>	<u>Zone-5</u> <u>(f)</u>	<u>Zone-6</u> <u>(g)</u>	<u>Zone-7</u> <u>(h)</u>
Number of Lines	12,794,983	77,113	268,156	348,418	768,422	3,260,958	5,820,827	2,251,089
1 Distribution	4.69	33.23	16.73	12.84	7.30	4.93	3.85	1.93
2 Feeder	4.27	61.83	15.24	11.28	5.09	4.16	3.20	2.56
3 Electronics	1.65	2.54	2.41	2.14	1.98	1.74	1.60	1.35
4 Std Svc	<u>5.51</u>	<u>6.87</u>	<u>6.75</u>	<u>6.26</u>	<u>5.59</u>	<u>5.59</u>	<u>6.10</u>	<u>5.25</u>
	16.12	104.47	41.13	32.52	19.96	16.42	14.75	11.09
5 Usage	1.73	1.59	1.61	1.66	1.67	1.70	1.82	1.58
6 D/A	1.02	1.27	1.26	1.16	1.10	1.03	1.00	0.97
7 Operator	0.12	0.15	0.15	0.14	0.13	0.12	0.12	0.12
8 White Page	<u>0.34</u>	<u>0.42</u>	<u>0.42</u>	<u>0.39</u>	<u>0.37</u>	<u>0.34</u>	<u>0.33</u>	<u>0.32</u>
9 Total TSLRIC (1FR)	<b>\$19.33</b>	<b>\$107.90</b>	<b>\$44.57</b>	<b>\$35.87</b>	<b>\$23.23</b>	<b>\$19.61</b>	<b>\$18.02</b>	<b>\$14.08</b>
10 Pacific's 1FR + EUCL	<b>\$14.75</b>							
	< - - - - - High Cost Areas (1FR/1MR) - - - - - > Benchmark Zone							
11 Subsidy (1FR)	<b>\$5.25</b>	<b>\$93.82</b>	<b>\$30.49</b>	<b>\$21.79</b>	<b>\$9.15</b> (g10-j10)	<b>\$5.53</b> (h10-j10)	<b>\$3.94</b> (i10-j10)	<b>\$0.00</b>
12 Assumption: 1MR Cost	<b>\$18.33</b>	<b>\$106.90</b>	<b>\$43.57</b>	<b>\$34.87</b>	<b>\$22.23</b>	<b>\$18.61</b>	<b>\$17.02</b>	<b>\$13.08</b>
13 Subsidy (1MR)	<b>\$5.25</b>	<b>\$93.82</b>	<b>\$30.49</b>	<b>\$21.79</b>	<b>\$9.15</b> (g12-j12)	<b>\$5.53</b> (h12-j12)	<b>\$3.94</b> (i12-j12)	<b>\$0.00</b>

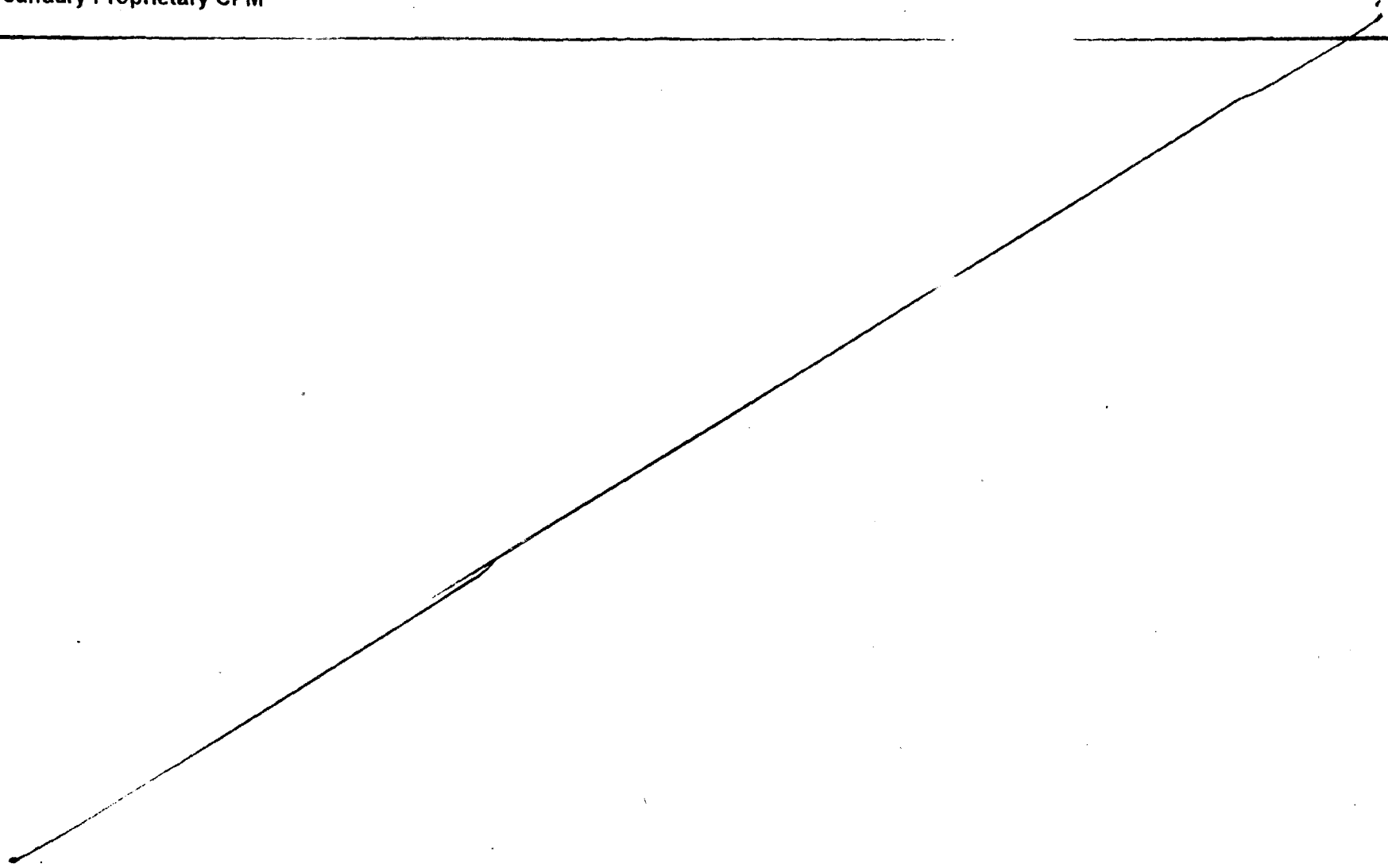
CPM - Statewide  
Cost Per Density Zone

	<u>Statewide</u> <u>(a)</u>	<u>Zone-1</u> <u>(b)</u>	<u>Zone-2</u> <u>(c)</u>	<u>Zone-3</u> <u>(d)</u>	<u>Zone-4</u> <u>(e)</u>	<u>Zone-5</u> <u>(f)</u>	<u>Zone-6</u> <u>(g)</u>	<u>Zone-7</u> <u>(h)</u>
Number of Lines	12,794,983	77,113	268,156	348,418	768,422	3,260,958	5,820,827	2,251,089
1 Distribution	\$4.69	\$33.23	\$16.73	\$12.84	\$7.30	\$4.93	\$3.85	\$1.93
2 Feeder	4.27	61.83	15.24	11.28	5.09	4.16	3.20	2.56
3 Electronics	1.65	2.54	2.41	2.14	1.98	1.74	1.60	1.35
4a Rearrangement	1.43	1.43	1.43	1.43	1.43	1.43	1.43	1.43
4 Std Svc	<u>4.08</u>	<u>5.44</u>	<u>5.32</u>	<u>4.83</u>	<u>4.16</u>	<u>4.16</u>	<u>4.67</u>	<u>3.82</u>
	16.12	104.47	41.13	32.52	19.96	16.42	14.75	11.09
5 Usage	1.73	1.59	1.61	1.66	1.67	1.70	1.82	1.58
6 D/A	1.02	1.27	1.26	1.16	1.10	1.03	1.00	0.97
7 Operator	0.12	0.15	0.15	0.14	0.13	0.12	0.12	0.12
8 White Page	<u>0.34</u>	<u>0.42</u>	<u>0.42</u>	<u>0.39</u>	<u>0.37</u>	<u>0.34</u>	<u>0.33</u>	<u>0.32</u>
9 Total TSLRIC (1FR)	\$19.33	\$107.90	\$44.57	\$35.87	\$23.23	\$19.61	\$18.02	\$14.08
10 Pacific's 1FR + EUCL		<div>&lt; - - - High Cost Areas (1FR/1MR) - - - - - &gt; Benchmark Zone</div>						
11 Subsidy (1FR)	\$5.25	\$93.82	\$30.49	\$21.79	\$9.15 (e9-h9)	\$5.53 (f9-h9)	\$3.94 (g9-h9)	\$0.00
12 Assumption: 1MR Cost	\$18.33	\$106.90	\$43.57	\$34.87	\$22.23	\$18.61	\$17.02	\$13.08
13 Subsidy (1MR)	\$5.25	\$93.82	\$30.49	\$21.79	\$9.15 (e12-h12)	\$5.53 (f12-h12)	\$3.94 (g12-h12)	\$0.00

Above numbers represent average of flat and measured service.

\* Amended 5/3/96  
Pricing Flexibility - Pacific  
Source: January Proprietary CPM

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**Projected Subsidies Requirement for Residential Basic Services  
Per CPM March 16 Statewide Data**

**NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.**  
**CATEGORY I. ADMINISTRATIVE COSTS**  
**JULY 1, 1996 THROUGH JUNE 30, 1997**  
**(IN MILLIONS)**

<u>CATEGORY</u>	<u>PROJECTED REVENUES</u>	<u>PCT. OF TOTAL</u>	<u>AMOUNT</u>
Universal Service Fund and Lifeline Assistance - I.A.	\$903.7	31.8%	\$12.2
End User Common Line, Carrier Common Line, Special Access Surcharge, and Long Term Support - I.B. *	\$1,073.0	37.7%	\$14.5
Other Association Access Charges - I.C. **	\$866.1	30.5%	\$11.7
	<u>\$2,842.8</u>	<u>100.0%</u>	<u>\$38.4</u>

\* Category I.B. does not include Transitional Support in the allocation of NECA Administrative Expenses.

\*\* Category I.C. is split to Traffic Sensitive Switched Access and Traffic Sensitive Special Access.

NOTE: NECA's projected Category I Administrative Costs for the test period are \$38.4 million. This amount is derived from NECA's corporate budget.

**NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.****ACCESS SERVICE  
TARIFF F.C.C. No. 5****TRANSMITTAL NO. 707  
APRIL 2, 1996****VOLUME 1: DESCRIPTION AND JUSTIFICATION**

Defines the purpose of the filing, describes the rate structure of the access services and summarizes results.

**VOLUME 1-2: TARIFF REVIEW PLAN****VOLUME 2: DEVELOPMENT OF ACCESS ELEMENT REVENUE REQUIREMENTS**

Provides a projection of the companies' interstate investments, expenses, revenues and taxes for the past year cost of service study and test year.

**VOLUME 3: DEVELOPMENT OF BASELINE DEMAND AND REVENUES**

Provides the development of the demand quantities and revenues for the test year at current rates.

**VOLUME 4: COMMON LINE RATE DEVELOPMENT**

Describes and documents the procedures used to develop End User Subscriber Line Charges, the National Average Carrier Common Line charges and Long Term Support.

**VOLUME 5: TRAFFIC SENSITIVE RATE DEVELOPMENT**

Describes and documents the procedures to develop recurring and non-recurring rate levels for Switched Access and Special Access services. It also describes the procedures used to develop miscellaneous charges for additional engineering, maintenance and testing of these services.

**Net-Trans Account ('000s)**  
**(For Illustrative Purposes Only)**

	<u>Pacific</u> <u>(a)</u>	<u>GTEC ther</u> <u>(b)</u>	<u>LECs</u> <u>(c)</u>	<u>IECs</u> <u>(d)</u>	<u>Cellular</u> <u>(e)</u>	<u>Total</u> <u>(f)</u>
Total Billing Base	\$5,000	\$1,000	\$600	\$2,300	\$3,600	\$12,500
Access Revenue	\$600	\$100				\$700
Basic Residential Revenues	(\$1,300)	(\$662)				(\$1,962)
Access Charges Paid				(\$600)	(\$305)	(\$905)
<b>Net-Trans Revenue</b>	<b>\$4,300</b>	<b>\$438</b>	<b>\$600</b>	<b>\$1,700</b>	<b>\$3,295</b>	<b>\$10,333</b>
<b>Total Funding Requirement</b>						<b>\$672</b>
<b>Carrier Surcharge Rate</b>						<b>6.50%</b>
<b>Contributions to the High Cost Voucher Fund</b>	<b>\$280</b>	<b>\$28</b>	<b>\$39</b>	<b>\$111</b>	<b>\$214</b>	<b>\$672</b>

**Net-Trans Account (millions)**  
**(For Illustrative Purposes Only)**

	<u>Pacific</u> <u>(a)</u>	<u>GTEC</u> <u>(b)</u>	<u>Other LECs</u> <u>(c)</u>	<u>IECs</u> <u>(d)</u>	<u>Cellular</u> <u>(e)</u>	<u>Total</u> <u>(f)</u>
Total Billing Base	\$5,000	\$1,000	\$600	\$2,300	\$3,600	\$12,500
Access Revenue	\$600	\$100	\$10			\$710
Basic Residential Revenues	(\$1,300)	(\$662)	(\$10)			(\$1,972)
Access Charges Paid				(\$600)	(\$305)	(\$905)
<b>Net-Trans Revenue</b>	<b>\$4,300</b>	<b>\$438</b>	<b>\$600</b>	<b>\$1,700</b>	<b>\$3,295</b>	<b>\$10,333</b>
Total Funding Requirement						\$672
Carrier Surcharge Rate						6.50%
<b>Contributions to the High Cost Voucher Fund</b>	<b>\$280</b>	<b>\$28</b>	<b>\$39</b>	<b>\$111</b>	<b>\$214</b>	<b>\$672</b>

**PACIFIC BELL NET INCOME\***  
**CATEGORY I AND II SERVICES**

## CHAPTER 4

### DRA'S RECOMMENDATION OF OTHER UNIVERSAL SERVICE ISSUES

1. Below, DRA presents its responses to the universal service issues found in the Administrative Law Judge's Ruling of February 21, 1996.

**1. [Q.1] Will rate discounts on schools, libraries, and rural health care providers, as mandated by the Telecommunications Act of 1996, pose any rate design problems? If so, how can those rate design issues be resolved?**

2. The Telecommunications Act of 1996 (Act) has set a rate discount standard for rural health care providers that is different from the standard set for schools and libraries. According to the Act, upon request, rural, public or nonprofit health care providers<sup>1</sup> shall receive telecommunications services "necessary for the provision of health care services ... at rates that are reasonably comparable to rates charged for similar services in urban areas in that State."<sup>2</sup> Therefore, DRA proposes that the subsidy for rural health care providers be added to the High Cost Voucher Fund. How the term "reasonably comparable" rates is defined remains to be seen -- the Public Utilities Commission or the Legislature could determine that they may be something less than a full High Cost Voucher Fund subsidy level. Carriers are entitled to an amount equal to the difference between the rates for rural health care providers and the rates for similar services provided to other customers in comparable rural areas, "treated as a service obligation as a

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1. According to the Act, health care providers means: (i) post-secondary educational institutions offering health care instruction, teaching hospitals, and medical schools; (ii) community health centers or health centers providing health care to migrants; (iii) local health departments or agencies; (iv) community mental health centers; (v) not-for-profit hospitals; (vi) rural health clinics; and (vii) consortia of health care providers consisting of one or more entities described in clauses (i) through (vi). Act at sec. 254(h)(5)(B).

2. Act at sec. 254(h)(1)(A).

part of its obligation to participate in the mechanisms to preserve and advance universal service."<sup>3</sup> California has over 4300 licensed health care facilities, many of them in rural areas.<sup>4</sup> DRA does not believe that administration of the rural health care provider subsidy through the High Cost Voucher Fund should pose any significant rate design problems. In anticipation of rate deaveraging, DRA proposes that the TSLRIC of 1MB of the lowest cost density zone in the proxy cost model adopted by the Commission be used for the establishment of basic service rate for the rural health care providers. The effective rate for a rural health care provider should not exceed the TSLRIC of the lowest cost density zone less \$6.00 for the EUCL. The rural health care provider subsidy, the difference between what carriers normally charge and the rate limit established by the Commission, should be provided to carriers providing service to rural health care providers through the High Cost Voucher Fund.

3. Schools and libraries can request from carriers any services that fall within a special definition<sup>5</sup> of universal service "at rates less than the amounts charged for similar services to other parties."<sup>6</sup> Rate discounts will be set by "the States, with respect to intrastate services," with the discount being set at a level "appropriate and necessary to ensure affordable access to and use of such services by such entities."<sup>7</sup> Carriers will have an option to recover the costs of the school and library discount: the discount can be treated as an offset to its obligation to contribute to universal service funding mechanisms or the carrier can receive reimbursement.

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3. Id.

4. "California Statistical Abstract, 1995," State of California (1995) at 68.

5. The definition of universal service may include additional services for schools, libraries and health care providers. Act at sec. 254(c)(3)

6. Act at sec. 254 (h) (1) ((B)).

7. Id.



California, whether through the Public Utilities Commission or the Legislature, will have to determine the school and library discount rate. California has approximately 1000 libraries, excluding school libraries, and approximately 1000 public school districts, with about 7800 public schools and 4100 private schools.<sup>8</sup> For the ease of administration, instead of establishing a whole new discount mechanism, DRA proposes that the rural health care provider subsidy mechanism be applied to schools and libraries -- using the TSLRIC of the lowest cost density zone in the proxy cost model adopted by the Commission as a reference. This rate will provide schools and libraries with a form of rate discount that will ensure affordable access and use of universal service.

**II. [Q.2] What other impacts does this Commission need to consider in the universal service proceeding as a result of the passage of the Telecommunications Act of 1996?**

4. According to the Telecommunications Act, the Federal Communications Commission shall establish competitively neutral rules to enhance access to advanced telecommunications and information services for schools, health care providers and libraries.<sup>9</sup> The Public Utilities Commission will ultimately have to incorporate these rules.

**III. [Q.3] How should the universal service subsidy be changed to reflect developing technologies, such as wireless, which may change the method of providing telephone service?**

5. For the time being, the universal service subsidy mechanism should not be changed to reflect developing technologies, such as wireless. Until wireless carriers are willing to offer universal service, they are outside the scope of the universal service subsidy mechanism. In the Universal

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8. "California Statistical Abstract, 1995," State of California (1995) at 81 and 79.

9. Act at sec. 254(h)(2).

Service OIR/OII, the Commission proposed a triennial periodic review of the elements of universal service.<sup>10</sup> The Commission will have an opportunity at the next universal service triennial periodic review to review this issue.

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10. D.95-07-050, Appendix A, Rule 4.C.

## **APPENDIX A**

**QUALIFICATIONS AND PREPARED TESTIMONY  
OF  
ANGELA YOUNG**

Q.1 Please state your name and business address.

A.1 My name is Angela Young, and my business address is 505 Van Ness Avenue, San Francisco, California, 94102.

Q.2 By whom are you employed and in what capacity?

A.2 I am employed by the California Public Utilities Commission (CPUC) in its Division of Ratepayer Advocates (DRA) as a Public Utilities Regulatory Analyst.

Q.3 Briefly describe your educational and professional experience.

A.3 I graduated from the California State University, San Francisco with a Bachelor of Arts degree, Summa Cum Laude, in Accounting. In addition to my major study, I also completed nineteen semester units in Logic which was 1 semester unit short of earning a minor degree in philosophy. I received my Master in Business Administration with finance emphasis from the same school in 1985. I passed the Certified Public Accountants examination. My major assignments at this branch include the Alternative Regulatory Framework for AT&T, the Implementation Rate Design phase of the Alternative Regulatory Framework for Pacific Bell and GTE, California.

Q.4 What is the purpose of your testimony?

A.4 The purpose of my testimony is to present DRA's recommendations on issues identified in the February 21, 1996 ALJ's Ruling.

Q.5 What is the scope of your responsibility in this proceeding?

A.5 I serve as DRA's Project Manager for this proceeding. I am also sponsoring Chapter 1, and Chapter 3 paragraphs 15 thru 21 and paragraphs 24 thru 52.

Q.6 Does that conclude your testimony?

A.6 Yes, at this time.

**QUALIFICATIONS AND PREPARED TESTIMONY  
OF  
ZENAIDA CONWAY**

Q.1 Please state your name and business address.

A.1 My name is Zenaida Conway. My business address is 505 Van Ness Avenue, San Francisco, California, 94102.

Q.2 By whom are you employed and in what capacity?

A.2 I am employed by the California Public Utilities Commission (CPUC) in its Division of Ratepayer Advocates (DRA) as a Public Utilities Regulatory Analyst (PURA) III.

Q.3 Briefly describe your educational and professional experience.

A.3 I have a Master's Degree in Agricultural Economics from the University of the Philippines. I have undertaken and completed all requirements for a Ph.D. in Agricultural and Resource Economics, except for the dissertation, at the University of Hawaii.

I started working for the Commission in June 1990 with DRA's Telecommunications Investigations and Research Branch (now known as Telecommunications Branch A). Since that time, I have conducted investigations and prepared testimony on a variety of cases dealing with the Commission's regulation of AT&T and other interexchange carriers, electric utilities (ECAC proceeding), and dump truck carriers in California. I have also conducted analyses in support of DRA's testimony in the Commission's long-run marginal cost proceeding for the gas industry and was involved in DRA's investigation on Canadian gas procurement by Pacific Gas and Electric Company. I have been participating in DRA's project teams involved in the major telecommunications proceedings such as Local Competition, DAND, and Universal Service in the past two years, providing staff support and analysis on a variety of issues.

Q.4 What is the purpose of your testimony?

A.4 The purpose of my testimony is to present DRA's recommendations on issues identified in the February 21, 1996 ALJ Ruling.

Q.5 What is the scope of your responsibility in this proceeding?

A.5 Under the general guidance of the Project Manager, Angela Young, I am responsible for DRA's position and recommendations pertaining to implicit subsidies as discussed in Chapter 3, Section X, of DRA's report, which is responsive to Question 10 in the ALJ Ruling.

Q.6 Does that conclude your testimony?

A.6 Yes, at this time.

**QUALIFICATIONS AND PREPARED TESTIMONY  
OF  
HASSAN M. MIRZA**

Q.1. Please state your name and business address.

A.1. My name is Hassan M. Mirza. My business address is 505 Van Ness Avenue, San Francisco, CA, 94012.

Q.2. By whom are you employed and in what capacity?

A.2. I am employed by the California Public Utilities Commission as a Senior Utilities Engineer in the Telecommunications Branch "B" of DRA.

Q.3. Would you please summarize your educational and professional background?

A.3. I received a Bachelor of Science Degree in Industrial Engineering from the University of California, Berkeley in 1974. In addition, I have earned a Masters in Business Administration Degree from San Francisco State University in January 1981. I joined the Commission in 1974 and since that time, except for one year, I have prepared or assisted others in preparing estimates of various portions of the Results of Operations report for several major utilities in general rate cases. These utilities are: Pacific Bell (Pacific), formerly The Pacific Telephone and Telegraph Company (A.55214, A.58223, A.83-01-022, and A.85-01-034); Contel of California (Contel), formerly Continental Telephone Company of California (A.53376 and A.59936); Sierra Pacific Power Company (A.57076), and GTE California (GTEC), formerly General Telephone Company of California (A.59132, A.60340, and A.87-01-022). In addition, I was the DRA Project Manager for the GTEC Voice Messaging Service Application (A.90-07-048); the Commission's 1990 AB 475 Report to the California Legislature; and Pacific, GTEC, and Contel Applications (A.90-11-011, A.91-01-039, and A.90-12-065, respectively) for Approval to Offer Custom Calling Features. Finally, I was DRA Co-Project Manager for GTEC & Contel Application for Approval of the Merger, Phase II and the Project

Manager for the 1995 New Regulatory Framework Review,  
Phase I (I.95-05-047).

Q.4. Have you ever testified before this Commission?

A.4. Yes, I have testified as an expert witness in many of the  
previously identified proceedings.

Q.5. What is the purpose of your testimony in this proceeding?

A.5. The purpose of my testimony is to present DRA's  
recommendations on certain issues identified in the  
February 21, 1996 ALJ's ruling including DRA's evaluation  
of the two models being proposed by Pacific Bell and the  
Coalition (AT&T, MCI, etc.)

Q.6. What is the scope of your responsibility in this  
proceeding?

A.6. Under the general guidance of the Project Manager, Angela  
Young, I am responsible for DRA's position and  
recommendations pertaining to the proxy cost model as  
discussed in Chapter 2, and paragraphs 1 thru 14 and  
paragraphs 21 thru 23 in Chapter 3.

Q.7. Does this conclude your testimony?

A.7. Yes, at this time.



**QUALIFICATIONS AND PREPARED TESTIMONY  
OF  
TRUMAN L. BURNS**

Q.1 Please state your name and business address.

A.1 My name is Truman L. Burns. My business address is 505 Van Ness Avenue, San Francisco, California, 94102.

Q.2 By whom are you employed and in what capacity?

A.2 I am employed by the California Public Utilities Commission (CPUC) in its Division of Ratepayer Advocates (DRA) as a Public Utilities Regulatory Analyst III.

Q.3 Briefly describe your pertinent educational and professional experience.

A.3 I received a B.A. in Political Science and English and a M.A. in Political Science, State Politics and Policy Specialization from the University of California, Davis. I received a J.D. from the University of San Francisco, and am a member of the California Bar. I joined the CPUC's Special Economics Projects Branch in 1986. During my employment with the CPUC, I have performed various tasks, and have spent most of my time on electric utility regulation. With regard to the telecommunications industry, I worked on DRA's prior comments on universal service in this proceeding, DRA's comments on local competition and in 1994-1995 I represented DRA as staff counsel in the cellular bundling proceeding, I 88-11-040.

Q.4 What is the purpose of your testimony?

A.4 The purpose of my testimony is to present DRA's recommendations on universal service issues identified in the February 21, 1996 ALJ's Ruling.

Q.5 What is the scope of your responsibility in this proceeding?

A.5 Under the general guidance of the Project Manager, Angela Young, I am responsible for DRA's position and recommendations in Chapter 4, on universal service issues identified in the February 21, 1996 ALJ's Ruling.

A.6 Does that conclude your testimony?

A.6 Yes, at this time.